

Report from the Flexibility Small Group

Chair: Gordon Dobson-Mack

Powerex (604) 891-6004

25 April 2003

Flexibility Small Group

Explored four areas of flexibility in the Operating Reserves Business Practice that customers had identified:

- Election Periods shorter than one year;
 - Allowing multiple Operating Reserve Suppliers for each TCH;
 - Allowing generators to self-supply supplemental reserve;
 - Allowing interruptible exports from the BPAT control area.
 - 150 MW floor
-
- Met on February 6 and March 13 to discuss proposals;
 - Proposals reviewed by the O.R. Workgroup on March 20;
 - Summary of discussions is published on the O.R. website.

Election periods shorter than one year

- The Operating Reserve Services rate is based on annual average costs hence BPA does not want TCHs to be able to cherry pick the months that they elect to self-supply;

Short Term Focus:

- Action Item: Customers who are interested in either self-supplying or becoming a qualified 3rd party supplier of Operating Reserves are encouraged to approach BPAT as soon as possible.

Long Term Focus:

- Action Item: Brainstorm on how Operating Reserves can be tracked when the Tag becomes the schedule.
- Action Item: Customers should develop a white paper on what sort of election period options they will want in the future rate periods post 2005.
- Action Item: Discussion with BPAT on how TBL's future systems will permit customers to self-supply or 3rd party supply Operating Reserves.

Allowing multiple Operating Reserve Suppliers for each TCH

- BPAT representatives indicated that it might be possible with the current RODS system to allow a TCH to change the 3rd party once a quarter provided the new 3rd party supplier was already a 3rd party supplier, the old 3rd party supplier was still going to meet the 150 aMW criterion after the switch and the necessary accounts could be set-up. The net result would be that the TCH would rely on a 3rd party supplier(s) for the entire year.

Short Term Focus:

- Action Item: Draft proposed changes to the current Operating Reserve Business Practice to reflect this new flexibility
- Action item: Gauge if there is customer interest in this option and determining system changes needed to implement it?

Long Term Focus:

- Action Item: Discuss with BPAT what the practical limits are for the new scheduling & billing systems on the number of 3rd party suppliers that a TCH could contract with in any given month

Allowing TCHs to self-supply only Supplemental Reserves

- Given that dispatching supplemental reserves separately from spinning reserves is not currently done in the WECC, that BPA currently meets its supplemental reserve obligation with excess spinning reserves, and the fact that the BPAT's rate structure was not designed to allow self-supply of only Supplemental Reserves, it is not clear how operating reserve services could be separated into spinning and supplemental components in the near future;

Long Term Focus:

- Action Item: Draft a proposal on how thermal generators could supply the 3.5% non-spinning component of their Operating Reserve within 10 minutes and then acquire the 3.5% spinning component from BPA so that this issue can be considered for the next rate case.

Allowing interruptible energy exports from the BPAT control area

- Given the current scheduling & billing systems this option does not seem practical at this time;

Long Term Focus:

- Action Item: Draft a cross reference between the NERC E-tag, WSPP and WECC terms for Firm versus Interruptible energy schedules and submit to WECC ISAS committee for discussion and adoption;
- Action Item: Discuss with BPAT whether the new Scheduling and Billing Systems will track interruptible schedules and if it will be possible to terminate interruptible exports mid-hour in the future;
- Action Item: Identify potential generators within the BPAT control area that would be interested in selling interruptible energy. How would the generator notify the control area operator of its status?

150 aMW minimum requirement

- TBL has revised its OR Business Practice to increase the schedule floor from 100 aMW to 150 aMW. Several alternatives to the floor were discussed but agreement on an acceptable alternative for TBL and its customers was not reached.
- Short Term Focus:
- Action Item: Determine if it is possible to bridge the gap between TBL and its customers on the 150 aMW floor issue.

Conclusions

- Details on how to self-supply or 3rd party supply under the current Business Practice should be enhanced
- Interest in changing 3rd party OR suppliers every three months should be gauged
- Need proposals describing desired flexibility in future
- Need to brainstorm on how to track Operating Reserves and other Ancillary Services when E-tags rule
- Need to discuss with TBL system architects how OR flexibility can be built into the new billing and scheduling systems

Reference Documents

- Detailed Summary of the Flexibility Small Group's discussions on February 6 and March 13 2003
<http://www2.transmission.bpa.gov/business/techforum/WorkGroups/OperatingReserves/3-20-03FlexibilitySummary.pdf>
- BPAT's Operating Reserve Business Practice
http://www.transmission.bpa.gov/oasis/bpat/BusPractices/forum/Attachments/08-14-02_Operating_Reserves_Draft_Revision.doc
- Generic Operating Reserve Requirement Rules
<http://www2.transmission.bpa.gov/business/techforum/WorkGroups/operatingreserves/orgenericrules.pdf>
- WECC White Paper on Operating Reserves
<http://www.wecc.biz/committees/OC/CMOPS/PWG/documents/wsc6oprs.pdf>
- NERC Guide to E-tag Essentials
<http://server06.nerc.com/tag/E-tag/Tagging%20Essentials.pdf>